JOHN LAING INFRASTRUCTURE LIMITED
ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

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COMPANIES HOUSE

Registered number: 04401816

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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DIRECTORS AND AUDITOR

Directors
S M Colvin
C Underwood

Company Secretary
E Martin

Registered office
1 Kingsway
London
WC2B 6AN

Auditor
Deloitte LLP
Statutory Auditor
1 New Street Square
London EC4A 3HQ

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2020.

The Company, incorporated in the United Kingdom, is a wholly owned subsidiary of John Laing Investments Limited. The ultimate parent company is John Laing Group plc whose shares are publicly traded on the London Stock Exchange.

Principal activities

The principal activity of John Laing Infrastructure Limited (the "Company" or the "Group") is the holding of investments on behalf of John Laing Group plc. The Group has held a portfolio of investments in Public Private Partnership ("PPP") infrastructure projects in the UK and in Europe, which, following divestments and certain projects reaching the end of their concession, now comprises of just one investment in the A130 road project in the UK.

Future developments

The Company is not pursuing any other investments and will manage its existing portfolio until divestment of the investment or the end of the project term.

Financial risk management

The principal risk faced by the Company is revenue risk. The Company's exposure to liquidity risk is limited because it has significant net current assets and insignificant short term financial demands. Credit risk is low as the remaining investment is in a PPP project, the revenues of which are derived from a local government body. The credit risk on amounts due from group undertakings is limited because the counterparty is a core company in the John Laing group with significant net assets and financial resources. c50% of the revenue on the A130 project is exposed to fluctuations in traffic volumes and therefore the value of the Company's investment could reduce if traffic volumes reduce. See the section below "Going concern and COVID-19 impact" .

Going concern and COVID-19 impact

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and the potential buy-out of John Laing Group plc by KKR and concluded that it is appropriate. The Directors have assessed the impact of COVID-19 on the Group post the balance sheet date, in particular the impact on its remaining investment, the A130 road project.

The project saw reductions in traffic in April 2020 at the outset of the pandemic but experienced a strong recovery in traffic over the next two months and volumes have remained largely steady in the second half of the year, approximately 10% below pre-COVID-19 level. The project has seen some improvement in traffic so far in 2021 and the Directors are confident volumes will return to pre-COVID-19 levels. The valuation is based on the full concession period which means it is insulated to some extent from short-term effects.

Overall, the value of this investment reduced by £6 million in 2020, c30% of the value at the start of the year, of which £4 million was due to reduced traffic volumes and £1 million from changes in macro-economic assumptions.

The Directors are also aware of the recommended offer that KKR has made for the entire share capital of John Laing Group plc, the Company's ultimate parent undertaking (see note 18 for further detail).

However, the Company's only significant liability at 31 December 2020 is a 2020 corporation tax liability which will be settled by a tax group relief payment offset against the amount owed by a parent undertaking. As a result, the Directors do not believe any of the above factors will have an adverse impact on the Company's liquidity or its ability to meet its obligations and liabilities for the next 12 months.

Climate change

Climate change is an acute risk facing society. Given the nature of the Company's operations and activities, the Directors do not believe there is a significant direct risk to the Company from climate change.

Qualifying third party indemnity provisions

The Directors of the Company benefit from qualifying third party indemnity provisions provided by one of the Company's parent undertakings.

Directors' insurance

The Company's Directors are covered by insurance policies entered into by its ultimate parent undertaking, John Laing Group plc, that insure them against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

DIRECTORS' REPORT

Directors

The Directors who served throughout the year and up to the date of this report, except as noted, are shown on page 1.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Deloitte LLP will therefore continue in office.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 11 June 2021 and signed on its behalf by:

S M Colvin
Director
11 June 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LAING INFRASTRUCTURE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of John Laing Infrastructure Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group income statement;
- the Group statement of changes in equity;
- the Group balance sheet;
- the Group cash flow statement;
- the related notes 1 to 19 of the Group financial statements;
- the parent company balance sheet;
- the parent company statements of changes in equity; and
- the related notes 1 to 9 of the company financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF JOHN LAING INFRASTRUCTURE LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, in-house legal counsel and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, UK Corporate Tax Act 2010, Value Added Tax Act 1994 and Pension Act 2014; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the UK Anti Bribery Act, local regulations on bids and money laundering regulation.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, industry specialists and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF JOHN LAING INFRASTRUCTURE LIMITED

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Claire Faulkner

Claire Faulkner FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 June 2021

Group Income Statement
for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Continuing operations			
Dividend income	4	**60**	-
Net (loss)/gains on investments at fair value through profit or loss	10	**(6,468)**	3,379
Operating (loss)/income	5	**(6,408)**	3,379
Administrative expenses		**(9)**	(4)
(Loss)/profit from operations	6	**(6,417)**	3,375
Finance income	7	**3,048**	3,668
(Loss)/profit before tax		**(3,369)**	7,043
Tax	9	**632**	780
(Loss)/profit after tax		**(2,737)**	7,823
Attributable to:			
Owner of the Company		**(2,737)**	7,823
		(2,737)	7,823

There is no other comprehensive income or expense apart from that disclosed above and consequently a separate statement of comprehensive income has not been prepared.

Group Statement of Changes in Equity

for the year ended 31 December 2020

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	**47,137**	**32,509**	**77,059**	**156,705**
Loss after tax and total comprehensive expense	-	-	(2,737)	(2,737)
Balance at 31 December 2020	**47,137**	**32,509**	**74,322**	**153,968**

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	47,137	32,509	69,236	148,882
Profit after tax and total comprehensive income	-	-	7,823	7,823
Balance at 31 December 2019	47,137	32,509	77,059	156,705

Retained earnings and total comprehensive income

Retained earnings represents the accumulated profit or loss since the incorporation of the Company and accumulated revaluation arising on investments at fair value through profit and loss.

Group Balance Sheet
as at 31 December 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments at fair value through profit or loss	10	**15,165**	21,633
		15,165	21,633
Current assets			
Debtors - due within one year	11	**139,381**	137,359
Cash at bank and in hand		**4**	9
		139,385	137,368
Creditors - amounts falling due within one year	12	**(582)**	(1,085)
		(582)	(1,085)
Net current assets		**138,803**	136,283
Deferred tax liability	14	**-**	(1,211)
Total liabilities		**(582)**	(2,296)
Net assets		**153,968**	156,705
Equity			
Called up share capital	15	**47,137**	47,137
Share premium		**32,509**	32,509
Retained earnings		**74,322**	77,059
Equity attributable to owner of the Company		**153,968**	156,705

The financial statements of John Laing Infrastructure Limited, registered number 4401816, were approved by the Board of Directors and authorised for issue on 11 June 2021. They were signed on its behalf by:

S M Colvin
Director
11 June 2021

Group Cash Flow Statement

for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Net cash inflow from operating activities	16	-	-
Investing activities			
Proceeds from disposal of investments		-	769
Dividends received from joint ventures		60	-
Net cash from investing activities		60	769
Financing activities			
Loans to parent undertaking		(65)	(769)
Net cash used in financing activities		(65)	(769)
Net decrease in cash at bank and in hand		(5)	-
Cash at bank and in hand at beginning of the year		9	9
Effect of foreign exchange rate changes		-	-
Cash at bank and in hand at end of the year		4	9

Notes to the Group Financial Statements for the year ended 31 December 2020

1 General information

John Laing Infrastructure Limited (the "Company" or the "Group") is a private limited company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office of the Company is given page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 2.

Monetary amounts in these financial statements are rounded to the nearest £'000.

These financial statements are presented in pounds sterling, the functional currency and the currency of the primary economic environment in which the Company operates.

2 Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC").

The Company does not consolidate its investments in subsidiaries or joint ventures held as part of an investment portfolio in accordance with FRS 102 section 9.9. This is explained further in the basis of consolidation below.

b) Going concern

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and the potential buy-out of John Laing Group plc by KKR and concluded that it is appropriate. The Directors have assessed the impact of COVID-19 on the Group post the balance sheet date, in particular the impact on its remaining investment, the A130 road project.

The project saw reductions in traffic in April 2020 at the outset of the pandemic but experienced a strong recovery in traffic over the next two months and volumes have remained largely steady in the second half of the year, approximately 10% below pre-COVID-19 level. The project has seen some improvement in traffic so far in 2021 and the Directors are confident volumes will return to pre-COVID-19 levels. The valuation is based on the full concession period which means it is insulated to some extent from short-term effects. Overall, the value of this investment reduced by £6 million in 2020, c30% of the value at the start of the year, of which £4 million was due to reduced traffic volumes and £1 million from changes in macro-economic assumptions.

The Directors are aware of the recommended offer that KKR has made for the entire share capital of John Laing Group plc, the Company's ultimate parent undertaking (see note 18 for further detail). However, the Company's only significant liability at 31 December 2020 is a 2020 corporation tax liability which will be settled by a tax group relief payment offset against the amount owed by a parent undertaking. As a result, the Directors do not believe any of the above factors will have an adverse impact on the Company's liquidity or its ability to meet its obligations and liabilities for the next 12 months.

c) Basis of consolidation

Investments in subsidiaries are held as part of an investment portfolio and accordingly, in accordance with FRS 102 section 9.9, are measured at fair value with changes in fair value recognised in profit or loss.

d) Investments in joint ventures

Investments in joint ventures are held as part of an investment portfolio and accordingly, in accordance with FRS 102 section 15.9 B, are measured at fair value with changes in fair value recognised in profit or loss.

e) Operating income

The Group earns operating income from returns on its investment portfolio by reference to the following policies:

Interest income

Interest income is recognised when it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and the applicable interest rate.

Notes to the Group Financial Statements for the year ended 31 December 2020

2 Accounting policies (continued)

e) Operating income (continued)

Dividend income

Dividend income from investments in project companies and other investments at fair value through profit or loss (FVTPL) is recognised when the Group's' rights to receive payment have been established. Dividend income is recognised gross of withholding tax, if any, and only when approved and paid by the project company.

Net gain on investments at FVTPL

Net gain on investments at FVTPL excludes interest and dividend income referred to above.

Other income

Fees receivable from project companies are recognised as services are provided.

f) Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 to all its financial instruments.

Financial assets

Financial assets are recognised in the Group balance sheet when the Company becomes a party to the contractual provisions of the financial instrument.

Basic financial assets, which primarily include amounts due from fellow group undertakings, are initially measured at transaction price, including transaction costs, and subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, whereby the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are classified into specific categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

(i) Loans and receivables

Debtors and other financial assets that have fixed or determinable payments and are not quoted on an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

(ii) Assets at fair value through profit or loss

Financial assets at FVTPL comprise investments at FVTPL which include investments in project companies, investments in listed companies and other assets and liabilities of investment entity subsidiaries. Investments in project companies and in listed companies are designated upon initial recognition as financial assets at FVTPL. Subsequent to initial recognition, investments in project companies are measured on a combined basis at fair value using discounted cash flow methodology. Investments in listed investments are valued at the quoted market price at the end of the period.

The Directors consider that the carrying value of other assets and liabilities in investment entity subsidiaries held at FVTPL approximates to their fair value.

Changes in fair value are recognised within operating income in the Group income statement.

(iii) Cash at bank and in hand

Cash at bank and in hand comprises cash at bank and in hand and short term deposits with original maturities of three months or less.

Impairment of financial assets

Financial assets are assessed for indications of impairment at each reporting end date.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that have occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Notes to the Group Financial Statements for the year ended 31 December 2020

2 Accounting policies (continued)

f) Financial instruments (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constituted a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

g) Taxation

The tax charge or credit represents the sum of tax currently payable and deferred tax.

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Group Income Statement because it excludes both items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred tax

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in project companies, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The measurement of deferred tax liabilities on project companies reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Group Income Statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

h) Cash at bank and in hand

Cash at bank and in hand comprises cash at bank and in hand and short term deposits with original maturities of three months or less.

i) Share capital

Ordinary shares are classified as equity instruments on the basis that they evidence a residual interest in the assets of the Company after deducting all its liabilities.

j) Foreign currencies

Exchange differences arising in the ordinary course of trading are reflected in the Group income statement.

Income and expense items are translated at the average exchange rates for the period. Monetary assets and liabilities expressed in foreign currency are reported at the rate of exchange prevailing at the balance sheet date or, if appropriate, at the forward contract rate. Any difference arising on the retranslation of these amounts is taken to the Group income statement.

Notes to the Group Financial Statements for the year ended 31 December 2020

3 Critical accounting judgement and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates made and the underlying assumptions on which they are based are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Fair value of investments in project companies

The Group measures its investments at fair value. These investments comprise investments in PPP projects. The key source of estimation uncertainty is how the investments are fair valued. A full valuation of the Group's investments is prepared on a consistent, discounted cash flow basis. The key inputs, therefore, to the valuation of each investment are (i) the discount rate; and (ii) the cash flows forecast to be received from such investment. Under the Group's valuation methodology, a base case discount rate for an operational project is derived from secondary market information and other available data points. The base case discount rate is then adjusted to reflect additional project-specific risks. The valuation assumes that forecast cash flows are received until maturity of the underlying assets. The cash flows on which the discounted cash flow valuation is based are those forecast to be distributable to the Group at each balance sheet date, derived from detailed project financial models. These incorporate a number of assumptions, including: value enhancements; the terms of project debt refinancing (where applicable); the outcome of any disputes; the level of volume-based revenue; and future rates of inflation. Value enhancements are only incorporated when the Group has sufficient evidence that they can be realised.

During the year ended 31 December 2020, the Group's remaining investment, the A130 road project, experienced a reduction in traffic volumes in April 2020 as a result of COVID-19. Whilst there was a strong recovery in May and June 2020 with traffic volumes returning to a steady level c10% below pre-COVID-19 levels through the second half of the year, this resulted in a £4 million reduction in the value of the investment.

4 Dividend income

	2020	2019
	£'000	£'000
Dividends from investments	**60**	-
	60	-

5 Operating (loss)/income

	2020	2019
Geographical analysis	**£'000**	£'000
UK	**(6,408)**	2,610
Europe	**-**	769
	(6,408)	3,379

6 (Loss)/profit from operations

	2020	2019
(Loss)/profit from operations has been arrived at after charging:	**£'000**	£'000
Fees payable to Company's auditor for the audit of the Company's financial statements	**(3)**	(3)
Fees payable to Company's auditor for the audit of the Company's subsidiaries' financial statements	**(22)**	(18)

7 Finance income

	2020	2019
	£'000	£'000
Interest receivable on amounts due from parent undertakings	**3,048**	3,668
	3,048	3,668

Notes to the Group Financial Statements for the year ended 31 December 2020

8 Employees and directors' remuneration

The Group had no employees during the year (2019 - nil).

The Directors are considered to also be the key management personnel of the Company.

No Directors received any remuneration for any services to the Group during the current or prior year. The Company is managed by secondees from the John Laing group.

9 Tax

The tax expense for the year comprises:

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax expense - current year	(579)	(1,081)
UK corporation tax credit - prior periods	-	189
Total current tax	(579)	(892)
Deferred tax:		
Deferred tax credit	1,354	1,868
Impact of change in the UK tax rate	(143)	(196)
Total deferred tax (note 14)	1,211	1,672
Tax credit	632	780

The tax credit for the year can be reconciled to the (loss)/profit in the Group Income Statement as follows:

	2020	2019
	£'000	£'000
(Loss)/profit before tax	(3,369)	7,043
Tax at the UK corporation tax rate of 19% (2019 - 19%)	640	(1,338)
Tax effect of dividend income not taxable	11	-
Tax effect of expenses and other similar items that are not deductible	(1)	(386)
Tax effect of movement in fair value of investments	125	2,511
Adjustments in respect of prior years	-	189
Tax effect of change in rate	(143)	(196)
Total tax credit for the year	632	780

The Company has measured its deferred tax asset at 31 December 2020 at 19%. At 31 December 2019, the Company measured its deferred tax asset at 17% because it expected the majority of the deferred tax asset to be realised after 1 April 2020 and because the increase in the tax rate effective from 1 April 2020 from 17% to 19% was only substantively enacted on 17 March 2020. The most recent UK Government Budget 2021 announcement has indicated that the UK Corporation Tax rate will increase to 25% effective from 1 April 2023. This is yet to be substantively enacted.

10 Investments at fair value through profit or loss

	2020	2019
	Project companies	Project companies
	£'000	£'000
At 1 January	21,633	19,023
Distributions	(60)	-
Disposals	-	(769)
Fair value movement	(6,408)	3,379
At 31 December	15,165	21,633

Notes to the Group Financial Statements for the year ended 31 December 2020

10 Investments at fair value through profit or loss (continued)

The fair value movement of £6,408,000 (2019 - £3,379,000 loss) above is shown on the Group Income Statement as dividend income of £60,000 (2019 - £nil) and net loss on investments of fair value through profit or loss of £6,468,000 (2019 - £3,379,000 gain).

Details of investments in investment companies disposed of in the year ended 31 December 2019 were as follows:

	Date of completion	Original holding %	Holding disposed of %	Retained Holding %
Sold to other parties				
John Laing Infrastructure (German Holdings) Limited	27 November 2019	100.0	100.0	-

11 Debtors - due within one year

	2020 £'000	2019 £'000
Due within one year		
Amounts owed from parent undertakings	**139,381**	137,359
	139,381	137,359

Amounts owed by parent undertakings within one year are loans from parent undertakings of £136,333,000 (2019 - £133,691,000) and interest due on those loans of £3,048,000 (2019 - £3,668,000). These loans are repayable on demand and interest was charged at 2% above base rates (2019 - 2% above base rates).

In the opinion of the Directors the fair value of receivables is equal to the carrying value.

12 Creditors - amounts falling due within one year

	2020 £'000	2019 £'000
Due within one year		
Accruals	**(3)**	(4)
Group relief payable	**(579)**	(1,081)
	(582)	(1,085)

13 Financial instruments

At 31 December 2020, financial assets at fair value through profit or loss, which comprised investments at fair value through profit or loss, were £15,165,000 (31 December 2019 - £21,633,000).

14 Deferred tax liability

The following are the major deferred tax liabilities and movement therein recognised by the Group in the year ended 31 December 2020 and 31 December 2019.

	Deferred tax on fair value of investments £'000
Opening liability at 1 January 2020	**(1,211)**
Credit to income - current year	**1,211**
Closing liability at 31 December 2020	**-**
Management recharges from group undertakings	
Opening liability at 1 January 2019	(2,883)
Credit to income - current year	1,672
Closing liability at 31 December 2019	(1,211)

Notes to the Group Financial Statements for the year ended 31 December 2020

15 Called up share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid:		
47,136,795 ordinary shares of £1.00 each	**47,137**	47,137

The Company has one class of ordinary shares which carry no right to fixed income.

16 Net cash inflow from operating activities

	2020 £'000	2019 £'000
(Loss)/profit from operations	**(6,417)**	3,375
Adjustments for:		
Dividend income	**(60)**	-
Unrealised loss/(profit) arising on changes in fair value of investments in project companies	**6,468**	(3,379)
Operating cash (outflow)/inflow before movements in working capital	**(9)**	(4)
Increase in creditors	**9**	4
Net cash inflow from operating activities	**-**	-

17 Transactions with related parties

As a wholly owned subsidiary of John Laing Group plc, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the John Laing Group plc group. A copy of the published financial statements of John Laing Group plc can be obtained from www.laing.com.

The Group entered into the following trading transactions with project companies:

	2020 £'000	2019 £'000
Dividend income from project companies	**60**	-
Balances at year end		
Subordinated debt loans to project companies	**9,375**	9,375

18 Events after balance sheet date

On 1 January 2021, the post-Brexit trade deal between the UK and the EU came into force. This is a non-adjusting event after the balance sheet date in respect of the Group's financial statements for the year ended 31 December 2020. Given that the Company's remaining investments are all within the UK and that the Company will not make any further investments, the Directors do not expect there to be any significant adverse impact on the Group as a result of the post-Brexit trade deal.

On 19 May 2021, the boards of John Laing Group plc, the Company's ultimate parent undertaking, and Aqueduct Bidco Limited ("Bidco"), a newly formed company owned by funds advised by Kohlberg Kravis Roberts & Co. L.P. and its affiliates, announced that they have reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued ordinary share capital of John Laing Group plc by Bidco. The acquisition is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act and will go to John Group plc shareholder vote expected in early July 2021. Further details can be found on John Laing Group plc's website at www.laing.com.

19 Investments

Subsidiary project companies (measured at fair value)

Company name	Ownership interest	Operation	Country of incorporation	Registered office
CountyRoute (A130) plc	100%	Road concession operator	United Kingdom	Note 1
CountyRoute 2 Limited	100%	Road concession operator	United Kingdom	Note 1
CountyRoute Limited	100%	Road concession operator	United Kingdom	Note 1

Notes:

1) The registered office of these companies is: 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

Company Balance Sheet
as at 31 December 2020

	Note	2020	2019
		£'000	£'000
Fixed assets			
Investments	3	-	3,108
Current assets			
Debtors			
- due within one year	4	**154,546**	155,785
Cash at bank and in hand		**4**	9
		154,550	155,794
Creditors: amounts falling due within one year	5	**(582)**	(1,085)
Net current assets		**153,968**	154,709
Net assets		**153,968**	157,817
Capital and reserves			
Called up share capital	6	**47,137**	47,137
Share premium account		**32,509**	32,509
Profit and loss account		**74,322**	78,171
Shareholder's funds		**153,968**	157,817

In accordance with section 408 of the Companies Act 2006, no separate profit and loss account has been presented for the Company. For the year ended 31 December 2020, the Company reported a loss of £3.8 million (2019 - £6.1 million profit).

The financial statements of John Laing Infrastructure Limited, registered number 4401816, were approved by the Board of Directors and authorised for issue on 11 June 2021. They were signed on its behalf by:

S M Colvin
Director
11 June 2021

Company Statement of Changes in Equity

for the year ended 31 December 2020

	Called up share capital	Share premium	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2020	**47,137**	**32,509**	**78,171**	**157,817**
Loss after tax and total comprehensive expense	**-**	**-**	**(3,849)**	**(3,849)**
Balance at 31 December 2020	**47,137**	**32,509**	**74,322**	**153,968**

	Called up share capital	Share premium	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2019	47,137	32,509	72,119	151,765
Profit after tax and total comprehensive income	-	-	6,052	6,052
Balance at 31 December 2019	47,137	32,509	78,171	157,817

Profit and loss account

The profit and loss account represents the accumulated profit or loss since the incorporation of the Company.

Notes to the Company Financial Statements for the year ended 31 December 2020

1 Accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared under the historic cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC"). These financial statements are presented in pounds sterling, the functional currency and the currency of the primary economic environment in which the Company operates. The principle accounting policies of the Company are set out below.

For the reasons set out in note 2b) to the Group's financial statements, the Company's financial statements are prepared on a going concern basis.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments and the presentation of a cash flow statement.

b) Revenue recognition

Revenue recognition is determined by reference to the following policies:

- Dividend income from investments in project companies and other investments is recognised when the Company's right to receive payment has been established. Dividend income is recognised gross of withholding tax, if any, and only when approved and paid by the project company.
- Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and the applicable interest rate.

c) Investments

Fixed asset investments are shown at cost less provision for impairment.

An impairment is reversed in the current period, to the extent of the carrying value of the investment had the original impairment not occurred, if there is a change in economic conditions or a change in expected use of the investment. If the increase in value of the investment arises from mechanical factors affecting the discounted present value, such as the passage of time either bringing future cash inflows closer or overtaking future cash outflows, such an increase in value is not considered to be a reversal of the events or circumstances which led to the impairment in the first place.

d) Taxation

Current tax, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with section 29 of FRS 102: Deferred Tax, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

e) Foreign currency

Translations into sterling are made at the average rates ruling throughout the year for profit and loss account items. Exchange differences arising in the ordinary course of trading are reflected in the profit and loss account; those arising on translation of net equity are dealt with as a movement in reserves.

Monetary assets and liabilities expressed in foreign currency are reported at the rate of exchange prevailing at the balance sheet date, or if appropriate, at the forward contract rate. Any difference arising on retranslation of these amounts is taken to the profit and loss account.

Notes to the Company Financial Statements for the year ended 31 December 2020

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. These estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from estimates.

The critical accounting estimate in the preparation of the financial statements is impairment of investments. Impairment is assessed based on the valuation of the investment. The valuation of investments is described in note 3 to the Group financial statements.

3 Investments

	Subsidiary undertakings Equity	Joint ventures Equity	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	3,047	1,517	4,564
Voluntary liquidation	-	(1,517)	(1,517)
At 31 December 2020	**3,047**	-	**3,047**
Provisions for impairment			
At 1 January 2020	-	(1,456)	(1,456)
Voluntary liquidation	-	1,517	1,517
Charge for the year	(3,047)	(61)	(3,108)
At 31 December 2020	**(3,047)**	-	**(3,047)**
Net book value			
At 31 December 2020	-	-	-
At 31 December 2019	3,047	61	3,108

The Company's subsidiary undertakings are listed in note 19 to the group financial statements.

4 Debtors

	2020	2019
	£'000	£'000
Due within one year		
Amounts owed from parent undertakings	**139,381**	137,359
Amounts owed from subsidiary undertakings	**15,165**	18,426
	154,546	155,785

Amounts owed by parent undertakings within one year are loans from parent undertakings of £136,333,000 (2019 - £133,691,000) and interest due on those loans of £3,048,000 (2019 - £3,668,000). These loans are repayable on demand and interest was charged at 2% above base rates.(2019 - 2% above base rates).

Amounts owed from subsidiary undertakings, which comprise loans and accrued interest on the loans, are net of impairments. The loans are repayable in line with agreements with the undertakings and interest is charged at agreed arm's length interest rates.

Notes to the Company Financial Statements for the year ended 31 December 2020

5 Creditors

	2020	2019
	£'000	£'000
Amounts falling due within one year		
Group relief payable	**(579)**	(1,081)
Accruals and deferred income	**(3)**	(4)
	(582)	(1,085)

6 Called up share capital

	2020	2019
	£'000	£'000
Allotted, called up and fully paid:		
47,136,795 ordinary shares of £1.00 each	**47,137**	47,137

7 Transactions with related parties

As a wholly owned subsidiary of John Laing Group plc, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the John Laing Group plc group. A copy of the published financial statements of John Laing Group plc can be obtained from www.laing.com.

8 Ultimate parent undertaking

The Company's immediate parent company is John Laing Investments Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent and controlling entity at 31 December 2020 is John Laing Group plc, a company incorporated in the United Kingdom. Copies of the Group financial statements of John Laing Group plc are available from its registered office at 1 Kingsway, London, WC2B 6AN.

The Company's results were not consolidated by any of its parent undertakings because each of its parent undertakings holds its investments at fair value through profit or loss.

9 Events after the balance sheet date

See note 18 to the Group financial statements for details of events after the balance sheet date.